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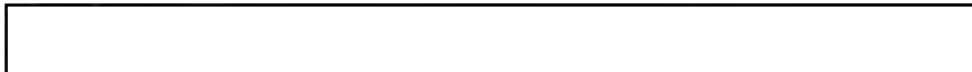
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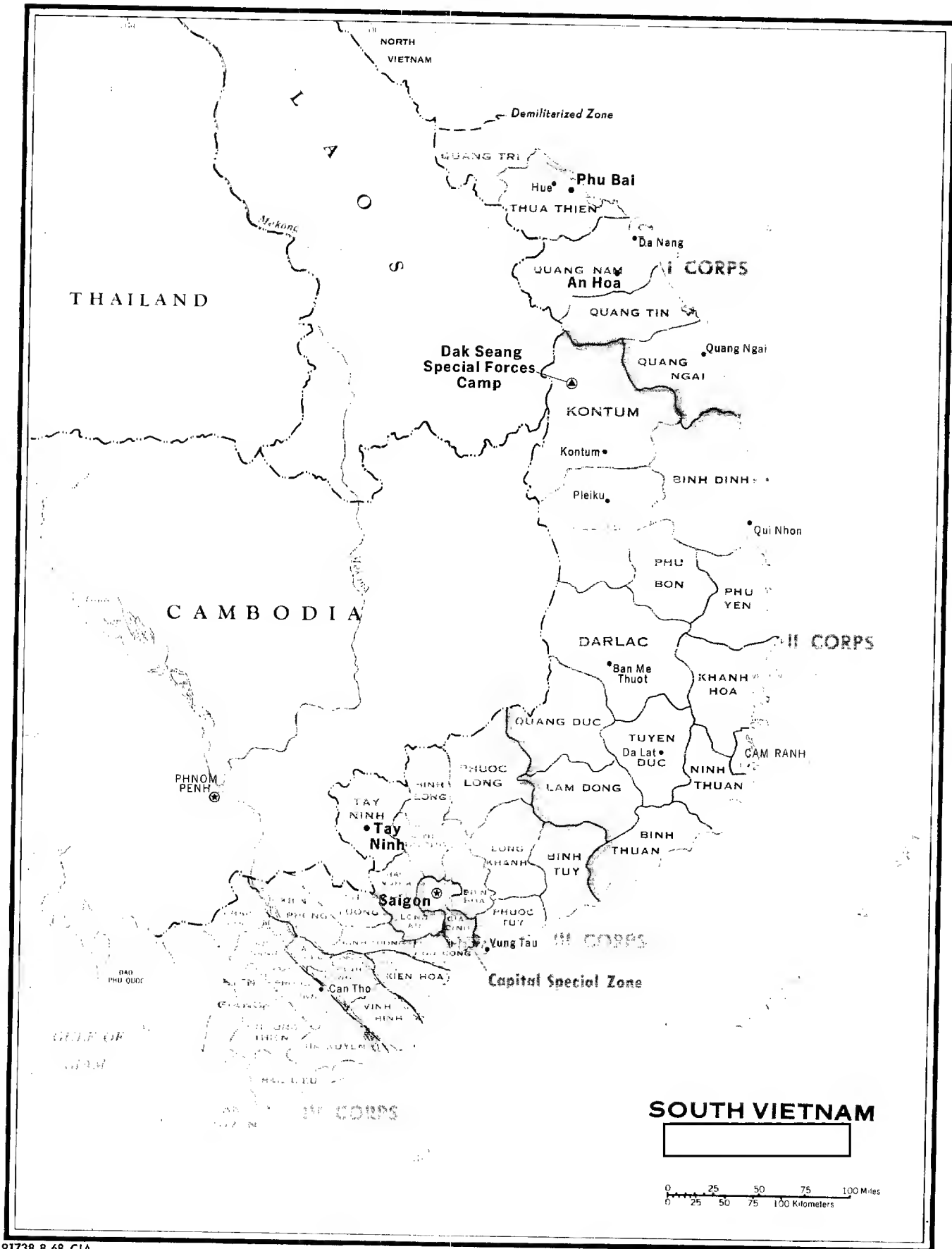
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[South Vietnam: Communist forces mounted a series of well-coordinated attacks which included heavy shellings and ground assaults in II and III Corps on 18 August.

The most significant of these attacks was a penetration into the provincial capital of Tay Ninh where elements of an enemy battalion are still offering resistance to US and South Vietnamese clearing forces. For the most part, however, the enemy's attacks were directed at US and South Vietnamese military installations and field positions in Tay Ninh, Binh Long, and Kontum provinces.

Enemy losses in this flare-up of hostilities are running high, according to preliminary reports. More than 300 Communists were killed in Tay Ninh Province. There were heavy enemy casualties and an unusually high number of weapons recovered during the unsuccessful attempt to overrun the Dak Seang Special Forces camp in Kontum Province.

Sharp fighting was also reported in the northern provinces of Thua Thien and Quang Tin over the week-end. An enemy attempt to overrun a US Marine position southeast of Phu Bai resulted in heavy American casualties. Farther south some 50 Communists were killed by US Marines in a battle near An Hoa.

Despite the enemy's commitment of probable elements of the 5th, 7th, and 9th divisions in northern III Corps and the 101D Regiment in the Kontum fighting, Communist forces in other parts of the country continue to pose an ominous threat. In particular, allied positions just south of the Demilitarized Zone, vital cities and military bases along the coastal areas of I Corps, and Saigon are all potential targets of renewed enemy offensive operations as Communist main and local forces in these areas continue to wrap up preparations for battle.]

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[redacted]
[redacted] these combat preparations are virtually complete in many areas of the country and many of the enemy's forces are now capable of launching new attacks at any time. [redacted] (Map)]

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Czechoslovakia-USSR: Dubcek and his colleagues are being subjected to growing pressures from foreign and domestic sources.

The Soviet press has stepped up its criticism of Prague developments. For the second time in three days, Pravda called on one of its most authoritative commentators to condemn the "upsurge of subversive activities" in Czechoslovakia. The latest article also edged closer to expressing a lack of confidence in the Prague leadership for failure to control the situation. It said the "provocative acts" had not stopped despite the condemnation of them by the Czechoslovak presidium. The article predicted, however, that the "working people" of Czechoslovakia, with the support of the other socialist nations, will save the day.

On the domestic front, party leaders in Prague apparently have failed in their attempt to persuade many leading Czechoslovak editors--who now have a relatively free hand--to refrain from attacking the Soviet Union. During a meeting with party officials on 17 August, 70 editors reportedly refused to accept restrictions on freedom of the press.

The Dubcek leadership has also been disturbed by Western newsmen in Prague who have been reporting the Cierna and Bratislava meetings as a decisive Czechoslovak "victory." Prague informed US officials, for example, that New York Times' correspondent Henry Kamm would probably be expelled if his summer assignment were not about to end. [REDACTED]

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Western Europe: Some Western European nations tend to view the Soviet Inter-Sputnik proposal as potentially troublesome.

The British, Italians, and Belgians believe that the proposal, which would create a rival to the US-sponsored INTELSAT in international space telecommunications, is a propaganda maneuver designed to influence the revision of the INTELSAT accords scheduled for 1969. Moscow's proposal may, in fact, be a gambit to secure more favorable terms for future Soviet affiliation with INTELSAT. The Soviets are proposing that all members of the Inter-Sputnik system have an equal voice, a plan contrasting sharply with the INTELSAT, which allots voting strength according to the relative size of financial contributions.

A French official has remarked that the Inter-Sputnik outline is "more flexible" than the present INTELSAT organization. Another French official, attending the current UN Outer Space Conference in Vienna, is seeking discussion of "unsatisfactory aspects of INTELSAT and advantages of the Soviet proposal." The French may hope to use the Soviet proposal to bargain for regional satellite systems within INTELSAT, a French ambition which has not been receiving as strong support in Europe as Paris had hoped.

The Danes have requested that the Soviet proposal be placed on the agenda of the next meeting of the European Conference on Space Telecommunications in September.

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India-USSR: India is reappraising its relations with the USSR.

Indian confidence in the reliability of Soviet friendship has not been entirely restored, despite Soviet reassurances, after Moscow's decision in June to sell arms to Pakistan. While public and parliamentary criticism of the Soviets has abated in India, attention is now focusing on what the Soviet move may mean for future Indo-Pakistani relations.

New Delhi fears that the Soviets have been taken in by Pakistan's allegations that India is holding up normalization of Indo-Pakistani relations. Soviet urging for a settlement of the Ganges water dispute has reinforced Indian fears that Moscow is pressing for some sort of mediation that could be prejudicial to Indian interests. Comments by Indian press and opposition parties add fuel to apprehension in New Delhi that should Pakistan again take the Kashmir issue before the UN Security Council, the Soviet Union could no longer be counted on to use its veto power in support of India's position.

Indian press coverage of aid and trade agreements between India and the USSR has been unusually critical, pointing out some of the economic and political disadvantages of these agreements to India. There is general agreement in Parliament that India should seek greater self-reliance but should avoid jeopardizing continuing Soviet military and economic assistance.

The future course of Indo-Soviet relations will lie at the heart of bilateral ministerial-level talks tentatively scheduled for the first half of September in New Delhi. Following these discussions, Indian Defense Minister Swaran Singh and a team of military advisers will visit Moscow and Soviet defense establishments. Singh has also recently expressed a desire to visit the US.

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Japan: The leadership of the Japan Socialist Party is in serious disarray as the result of the party's poor showing in the recent upper house elections.

An extreme leftist faction has been pushing for the resignation of the party's entire leadership, to be followed by an extraordinary convention to elect new leadership and to recast the party's platform. These pressures, aided by the public disclosure of alleged unethical use of "political" contributions, have already led to the resignation of party secretary general Yamamoto.

Party chairman Katsumata has also indicated that he will resign, but not before he secures party approval of a "reform program," probably at the party's annual convention, which has been pushed forward from December to September in response to dissident demands. The reform program is unlikely to gain wide popular acceptance inasmuch as it does not alter any of the party's increasingly unpopular and dated ideological positions.

The US Embassy in Tokyo believes that the leader of the party's moderate right wing has the inside track for the chairmanship. If he is chosen, the post of secretary general will probably be given to a member of the left wing.

The new leadership of the Socialists, in any case, will be too busy rebuilding the demoralized party to effect any major redirection of the party in the near future. The Socialists thus will probably suffer a further decline in strength in the next lower house elections, which may be held as early as next year.

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North Korea - Nepal: Pyongyang's effort to establish closer ties with Nepal has apparently achieved a limited success in spite of the initial failure of its goodwill delegation to Kathmandu in late July.

The Nepalese Government, although refusing Pyongyang's bid to establish diplomatic relations, has reportedly agreed to send a low-level delegation to North Korea's National Day celebration on 9 September. The delegation probably will consist of members of the Nepal - North Korea Friendship Association and one or two members of the national legislature.

Pyongyang has invited delegations from 90 countries to attend the ceremonies as part of a concerted effort to expand its diplomatic ties in the underdeveloped world.

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Bolivia: The return Saturday of former minister of government Antonio Arguedas has added to the atmosphere of tension. He went into voluntary exile last month after being accused of passing Che Guevara's diary to the Cubans. Students, reportedly planning new demonstrations to continue their harassment of the government, are now rumored to be planning to "rescue" Arguedas from government custody.

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